

**JOURNAL OF
BUSINESS AND MANAGEMENT***Vol. 4, No.3, 2015: 339-351***THE IMPLEMENTATION ANALYSIS OF
SMEs SOUNDNESS ASSESSMENT MEASUREMENT
FOR SERVICE INDUSTRY IN BANDUNG, INDONESIA**

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Abstract—Soundness assessment is important for to know how effective the company's performance in achieving the vision and objectives. With the similar sectors, the soundness level analysis classified in 2 categories that are the category company with bank-loan and the category of company without bank-loan. SMEs Soundness Assessment Measurement is the first SME Soundness measurement developed by Raden Roro Mirna and Subiakto Soekarno. In measuring SMEs' soundness, there are two aspect required that are financial and nonfinancial aspect. (Soundness Assessment Measurement Development for Indonesia Small and Medium Enterprises, 2014). The samples obtained are 15 service industry companies that consist of 9 companies with bank-loan and 6 companies without bank-loan. The sample's assessment result will be compared using Independent Sample T-test with confidence level (α) 0.05. From the result shows that the sample group with bank-loan has 2 companies obtain "Good Soundness I" with rating AAA and the other 7 companies obtain "Good Soundness II" with rating AA. The sample group without bank-loan results 2 companies obtain "Good Soundness II" with rating AA and 4 companies obtain "Fair Soundness I" with rating BBB. Based on the Independent T-test results there is no significant difference in financial aspect mean between company with loans and without loans that statistically proven by $p > 0.05$. While based on nonfinancial aspect, there is a significant difference in mean between companies with bank-loan and without bank-loan that statistically proven by $p < 0.05$.

Keyword: small business, service Industry Company, bank-loan, SME Soundness Assessment Measurement, financial, nonfinancial.

Introduction

Business competition becomes more intense not only for big company but also small medium enterprises (SMEs) along with development of economic, free trade markets, etc. That condition requires company to develop innovation, improve performance, and expand the business in order to survive and compete. In this situation the company needs to know the importance soundness level to know how effective the company's performance. If a company has a good level of soundness, the vision and objectives will be achieved. In addition good soundness will also determine the competence of a company in the face of market competition. The development programs of SME are important for the country or city for example in Bandung. Bandung is one of the cities in Indonesia that has a lot of business from many sectors and it also support the growth of SME. According to Industrial Department

Bandung - West Java province there are currently approximately 3,000 SMEs of the total population of 2.5 million, or about a 0.12%. However, later that number will continue to increase year by year.

Bandung nowadays has 30 industrial that already stated on the official website of Dinas Koperasi UKM dan Perindustrian Perdagangan Kota Bandung. *"Bandung is a city with an active population and thriving faster. The positive impact is the development of industrial centers in various regions in Bandung. Now Bandung has 30 active industrial centers. Some centers which are already big and become one of the alternatives for traveling in Bandung. So many products that have been produced to make all need to be packaged into one."*(www.sentraindustribandung.com, 2012). That is service industry, one of the industry sectors that grow in Kota Bandung. Some of businesses that include in service industry are printing, convection, advertising, catering, car rental, repair shop, etc. The economic trend analyst from the Policy Support Unit APEC 2014 in Beijing recommends to be more focus on the development of innovative service sectors to sustain growth. *"Service industry performs very affective compared to the other sectors and it boosts the number of jobs and higher income for a region. Development of the service sector is not only important to reinforce regional productivity, but also will deepen the capacity of the region to improve the global value chain."* That stated by Denis Hew, the director of APEC Policy Support Unit (www.industri.bisnis.com, 2014)

The growth of the services industry actually continues to increase along with the increase in demand for services as well as the development in other sector industry. As the example the industrial services such as printing services, advertising, convection, catering, car repair shop, etc. With the potential to grow, the service industry needs to compete in the market with the innovative offers. The quality of a service industry can be defined as the performance result of its company to manage as well.

1.1 Research Objective

Based on the research question, the research objective as follow:

1. To know the soundness level sample of the small business in service industry in Bandung based on SME Soundness Indicator.
2. To know the difference of soundness level of the company with loan from bank and the company without loan from bank.
3. To know whether SME Soundness Assessment Measurement are applicable or not for SMEs assessment.
4. To give recommendation and improvement for the application of SMEs Soundness Assessment Measurement.

1.2 Research Limitation

The limitations for this research as follow:

1. This research limited only for the small business in service industry in Bandung
2. The company must be at least 2 years active and has revenue minimum Rp300,000,000 (three hundred millions rupiah) and maximum Rp2,500,000,000 (two billions five hundred millions rupiah).

Literature Review

Small Medium Enterprises (SMEs)

Micro, Small and Medium Enterprises (SMEs) is one important part of the economy of a country or region. Though it is small in the number of employees, assets and turnover, it has large number to have important role of SMEs in supporting the economy. There are at least three reasons underlying for the developing country sees the importance of SMEs (1) Performance of SMEs who tend to be better in terms of generating a productive workforce; (2) As part of its dynamics, SMEs often achieve increased

productivity through investment and technological change; (3) because it is often believed that SMEs have advantages in terms of flexibility than large enterprises (Berry 2001 in Rahayu 2005). The classification of SME based on its business scale has been regulated in the Undang-Undang No. 20 tahun 2008 on Micro, Small and Medium. The criteria of SMEs are show in the table below:

Table 2.1 SMEs Classification based on Undang Undang No. 20 Tahun 2008

SMEs Classification	Net Worth	Annual Sales	Workforce
Micro	< Rp50,000,000	<Rp300,000,000	<5 people
Small	Rp50,000,000-Rp500,000,000	Rp300,000,000-Rp2,500,000,000	5-19 people
Medium	Rp500,000,000-Rp10,000,000,000	>Rp2,500,000,000	20-99 people

The data from Department of Cooperatives and Small Medium Micro Enterprises shows that the number of entrepreneurs in Indonesia in 2012 is 56,539,558 businesses by 98.8% or as much as 55.856.175 is the micro business, 1.1% or as much as 629 418 are small businesses, 0.1% or 48.997 is a medium-sized businesses and 0.01% or as much as 4968 is a large-sized business.

2.2 Service Industry

Services sector or service industry is a sector that is included in the tertiary industry based on the type of individual productivity. Services include community service activities intended to serve the needs of households, businesses, governments and other institutions. In the term of proportion of business unit in the economic sector, service sector has 4.52 percent proportion respectively. It is the fifth rank after (1) Agriculture, livestock, Forestry and Fisheries, (2) Trade, Hotel and Restaurant, (3) Transportation and Communication, (4) Manufacturing industry.

2.3 Bank Assessment

There are several principles of credit assessment by using 5C (The Five C's of Credit Analysis), that are Character, Capacity, Capital, Collateral, and Condition of Economy. (Khasmir, 2008).

1. *Character* is the nature of person in case of being the debtor candidates. The aim is to give confidence to the Bank, that the nature or character of the people who will be given the credit really trustworthy.
2. *Capacity* is to look at the ability of a debtor to pay the loan regarding with the ability to manage the business and the ability to make profit.
3. *Capital* is how the company found sources of financing businesses owned by their customers which will be financed by the Bank.
4. *Collateral* is a debtor guarantees provided both physical and non-physical. Collateral should exceed the amount of credit granted.
5. *Condition of Economy* is the evaluation based on the current economic condition and the future probability of business according to each sector.

While in PT. Bank Panin Tbk, the Five C's of credits analysis contains some assessment points as mentioned below:

1. Character
 - a. The debtor's attitude during the interview
 - b. The cooperative attitude of the debtor in giving the information and document
 - c. The debtor's life style and the environmental check
 - d. Bank Indonesia's check
2. Capacity
 - a. Assessed on the income of the debtor reduced by the cost of living per-month. It is usually 70% of net income.

- b. Assessed on the business that operated by the debtor whether it is prospective or not.
- 3. Capital
 - a. Bank Panin branch in Bandung has the regulation that the maximum loan given is 70% from the total capital needs. It is determined by the prospect of the business in the future.
- 4. Collateral
 - a. Assessed from the certificates of land or building. The selling price of land or building must exceed the amount of loan given to the debtor.
- 5. Condition of Economy
 - a. Interest rate of Bank Indonesia
 - b. Inflation

The bank according to implement the credits formulate the policy and assessment procedures. The policy and assessment procedure aims to minimize the risk in every credit transaction. According to Khasmir (2007), Bank and others financial institutions, Policy is needed in kind of credit, amount to be provide, to whom and in what circumstances the credit will be granted.

2.4 SMEs Soundness Assessment Measurement

SME Soundness Assessment Measurements is the first SME Soundness measurement developed by Raden Roro Mirna and Subiakto Soekarno in journal titled *Soundness Assessment Measurement Development for Indonesia Small and Medium Enterprises*. The method are intended to be used government, banks, financial institution, and several parties who have interest on SMEs and used for SMEs as well to be self-assessment and self-improvement tools. In measuring SMEs' soundness, there are two aspect required that are financial and nonfinancial aspect. (Raden Roro Mirna and Subiakto Soekarno, 2014)

1.4.1 Financial Aspect

Financial aspects assessed by calculating the financial ratios. Financial ratios are one of the most common tools used to determine the soundness level of a business. As mentioned by Bragg and Burton (2006) financial ratios are one of the most effective tools to control and manage a business. There are cash ratio, activity ratio, debt ratio and profitability ratio that used in financial assessment.

The table below is the scoring sheet for the financial ratios

Table 2.2 Scoring Sheet for Financial Ratios Guidelines

Financial ratios	SCORE				
	1	2	3	4	5
Liquidity Ratio					
Cash Ratio	<0.66	0.66 – 1.32	1.32 – 1.98	1.98 – 2.64	>2.64
Current Ratio	<2.52	2.52 – 5.04	5.04 – 7.56	7.56 – 10.09	>10.09
Activity Ratio					
Inventory Turn Over	<13.94	13.94 – 27.87	27.87 – 41.81	41.81 – 55.74	>55.74
Total Asset Turn Over	<1.17	1.17 – 2.34	2.34 – 3.51	3.51 – 4.68	>4.68
Debt Ratio					
Debt Ratio	<0.14	1.14 – 0.27	0.27 – 0.41	0.41 – 0.55	>0.55
Profitability Ratio					
Gross Profit Margin	<0.13	0.13 – 0.27	0.27 – 0.40	0.40 – 0.53	>0.53
Return on Investment	<0.17	0.17 – 0.33	0.33 – 0.50	0.50 – 0.67	>0.67

a. Liquidity Ratio

Liquidity ratio (Gitman, 2012) is measured by its ability to satisfy its short-term obligations as they come due. Liquidity can also define as solvency of the firm's overall financial position. In this method, liquidity ratios consist of cash ratio and current ratio.

Table 2.3 Liquidity Ratios Formula

Ratios	Formula
Cash Ratio	Cash / Current Liabilities x 100%
Current Ratio	Current Assets / Current Liabilities x 100%

b. Activity Ratio

Gitman (2012) defined activity ratios as tool that measure the speed with which various accounts are converted into sales or cash-inflows or outflows. Activity ratios measures how efficient a firm operates along a variety dimensions such as inventory management, disbursements and collection. Activity ratios consist of inventory turnover and total asset turn over

Table 2.4 Activity Ratios Formula

Ratios	Formula
Inventory Turnover	Cost of goods sold / Inventory x 100%
Total Asset Turn Over	Sales / Total Asset x 100%

c. Debt Ratio

Debt ratio (Gitman, 2012) measure the proportion of total assets financed by the firm's creditors. The higher the ratio, the greater the number of other people's money being used to generate profit.

$$\text{Debt Ratios} = \text{Total Liabilities} / \text{Total asset} \times 100\%$$

d. Profitability Ratio

This ratio aims to evaluate company's profit with respect to a given level of sales, a certain level of assets or the owner's investment. This ratio consist of gross profit margin and Return on Investment (ROI). Gross Profit Margin gives the percentage of profit relative to sales after deducting the cost of goods sales (Bragg and Burton, 2006).

Table 2.5 Profitability ratios Formula

Ratios	Formula
Gross Profit Margin	(Sales – Cost of Good Sales) / Sales
Return on Investment (ROI)	Net Profit / Investment x 100%

Here is the example of financial ratio scoring calculation:

Table 2.6 Liquidity Ratios Example Calculation

Liquidity Ratio	
Cash Ratio	3.00
Current ratio	4.00
Total Score	12.04*

*Total score is obtained by $(3.00+4.00) / 10 \times 17.2\% = 12.04$

- 3 + 4 is the calculation of ratio's result

- 10 is the maximum score of the liquidity ratio (5+5)
- 17.2% is the percentage that obtained from AHP

1.4.2 Nonfinancial Aspect

The question list for nonfinancial aspect assess by rating as following "yes", "almost yes", "almost no" and "no".

There is the score for the rating scale nonfinancial question

Table 2.7 Nonfinancial Rating Scale Score

Rating Scale	SCORE
Yes	3
Almost Yes	2
Almost No	1
No	0

Similar with financial assessment, nonfinancial aspect final score calculated by dividing the obtained score with the maximum score and then multiply by percentage in AHP. Then each assessment aspect score result is summed to obtain the nonfinancial total score.

Nonfinancial aspect consist the assessment of marketing, human resource, good governance and operation.

a. Marketing

Marketing has the important role for business. Most aspects of a business depend on successful marketing. The overall marketing covers advertising, public relations, promotions and sales. Marketing is a process by which a product or service is introduced and promoted to potential customers.

There are 11 question lists for marketing aspect. This is the list of questions for the marketing aspect:

- Marketing strategy
 - Having segmentation and target market
 - Having marketing plan and strategy within a year ago
 - Having marketing plan and strategy for a year ahead
 - Having evaluation of used marketing plan and strategy
 - Having marketing budget
- Marketing media
 - Having a media marketing (printed and/or internet based and/or hand phone/mobile marketing) within a year ago
 - Having a media marketing (printed and/or internet based and/or hand phone/mobile marketing) for a year ahead
- Customer service
 - Having after sales service
 - Having reliability and empathy to the customers
- Market competition situation
 - Know about competitor situation (i.g pricing, products)
 - Know about business change (i.g technology change, trend change)

b. Human Resource

Human resources are the critical element in the small business (Alberici, 1995). Human resource constructs the workforce plan to achieve the objective of the company.

Here is the question list for the human resource aspect:

- Division of labor
 - There is division of labor according to their respective areas of work
 - Having and doing Standard Operation Procedures (SOP)
 - Having evaluation and monitoring SOP
- Training and development
 - Having training and development
 - Having evaluation of training and development
- Human Resources Issues
 - There is a selection/recruitment process of employee
 - There is employee compensation
 - Having expert and skilled employee

c. Good Governance

This aspect consists of general issues and administrative indicator. General aspects are the aspect of SME's strategy to develop and understand how good their business. The good understanding of the business is consisting of defining competitor, future and current customers and even the competitive advantages of them. So the business knowledge is not solely on the external side, but also in the internal company. It will affect the company strategy. While administrative activities are equally important to support the business process. (Alberici 1995, Ireland *et al* 2011, The Small Business Authority 2013).

Here is the following question for the good governance aspect:

- Business Planning
 - Implement vision and mission within a year ago until now
 - Having the main business objective is for
 - Having business planning for the next following years
 - Having evaluation on previous business planning
- Administrative
 - Having periodical business report
 - Having evaluation on business report
- Legal Aspect
 - Having Company Registration (TDP-Tanda Daftar Perusahaan)
 - Having Trading Lisence (SIUP-Surat Ijin Usaha Perdagangan)
 - Having Tax Payer ID (NPWP-Nomor Pokok Wajib Pajak)
- Internal Business Knowledge
 - Understand the strength and weaknesses of their business (competitive advantage and core competences)

d. Operation

Operational indicator can be used to evaluate any function and applied to any business (Bragg and Burton, 2006). Operational aspect creates the business process to gain the optimum level of efficiency within the company.

Here are the questions of operational aspect

- Scheduling
 - Having workflow to manage customer's order
 - Having flexible allocation time policy
- Quality Control
 - Having quality control for services produced
 - Having mentoring during quality control's process
- Research and Development

- Having activities of research and development
- Having innovation
- Do market research to gain customer's feedback

2.4.3. Final Scoring

In service industry, the proportion for financial and nonfinancial number determined constant by AHP (Analytical Hierarchy Process) number. AHP is a procedure that compares every aspect ratings by order of its importance. The proportion of financial and nonfinancial in the service industry is 57.5% and 42.5%. The percentage defines the contribution of importance in each aspect to determine the soundness level.

Here is the table of weight percentage of AHP number for service industry

Table 2.8 Weight Percentages AHP for Service Industry

Aspect		Percentage
Financial		57.5%
Non Financial		42.5%
	Liquidity Ratio	17.2%
	Activity Ratio	13.2%
	Debt Ratio	10.4%
	Profitability Ratio	23.1%
	Marketing	17.1%
	Human Resource	8.7%
	Good Governance	4.4%
	Operational	5.8%
TOTAL		100%

The total score of financial and nonfinancial aspect will determine the soundness level of a company. SMEs Soundness Assessment Measurement has 7 (seven) rating scale of soundness. The table below is the SME soundness level and score based on SME Soundness Assessment Measurement:

Table 2.9 SMEs Soundness Assessment Measurement Level and Rating

SCORE	SME's Soundness Level	RATING
87 – 100	Great Soundness	AAA
72 – 86	Good Soundness I	AA
58 - 71	Good Soundness II	A
44 – 57	Fair Soundness I	BBB
30 – 43	Fair Soundness II	BB
15 – 29	Poor Soundness	CCC
0 – 14	Bad Soundness	CC

Research Methodology

3.1 Data Survey and Data Collection

The steps to conduct this research are:

1. Determining the sample

The research uses typical case purposive sampling method to obtain the respondent. According to Patton (1990) purposive sampling is a sampling technique in which the sample is selected depending on the purpose of research. Typical case sampling is a purposive sampling technique used with interest in the normality or typicality of the units (e.g., people, cases, events, settings/contexts, places/sites) needed. The word typical means that the sample taken has character to compare with another sample.

2. Data collection process

This research uses two data resources that are primary data and secondary data. The primary data is the data that obtained directly by the researcher or the author while the secondary data is the data that already exist so that the researcher or the author can request from the data sources. The primary data include the result of the interview and the secondary data is the data like financial statement that already serve by the sample respondent.

3. The interview method

Each sample assessed by its financial and nonfinancial aspects. The process to obtain the financial data is done by directly asking the company's financial statement or preparing the company's financial statement by conducting an interview. The interview technique is using structured interview method. In this method, there are some direction and question to achieve the information but also there are possibilities to have probing in order to elaborate the answer of the respondent.

3.2 Data Processing and Data Analysis

Data analysis conducts into two steps, which are:

1. SMEs Soundness Assessment Measurement

SMEs Soundness Assessment Measurement is the method to assess soundness of a small and medium business based on financial and nonfinancial. The first step to do is calculating the financial ratios that are cash ratio, activity ratio, debt ratio and profitability ratio. Each ratio will be scored with the formula in SMEs Soundness Assessment Measurement and it will result the financial aspect total score. The second step is scoring each question in nonfinancial aspect that contain questions about marketing, human resource, good governance and operation. The summed up of the score will result the nonfinancial total score. The next step is added the financial total score and nonfinancial total score to obtain the final score of SMEs Soundness Assessment Measurement. The final score will determine the rating and soundness level of the company.

2. Independent Sample T-test analysis

Independent sample T-test is a type of statistical test aimed to compare the average of the two groups is not mutually interconnected in pairs or not. Not each pair can be interpreted that the research carried out for two different sample subjects. The principle of the test of this test is to see the difference in variation of the two groups of data, so prior to the test, it must first be known whether the same variant (equal variance) or variants different (unequal variance).

This analysis test the null hypothesis that is

$$H_0: \mu_1 = \mu_2 \text{ or } \mu_1 - \mu_2 = 0$$

That interprets the two populations means are *equal*.

And the alternative hypothesis is:

$$H_0: \mu_1 \neq \mu_2 \text{ or } \mu_1 - \mu_2 \neq 0$$

That interprets the two populations means are *not equal*.

Data Analysis

The sample gathered are 15 companies from service industry in Bandung with revenue around Rp300,000,000 until Rp2,500,000,000 as the sample. From 15 companies, there are 7 different kind of service industry in Bandung. The company profiles of the sample in this research are 6 companies from printing service, 4 companies from screen printing service, 1 company from screen printing and advertising service, 1 company from convection service, 1 company from catering service, 1 company from car rent service and 1 company from car repair service.

There is the following table of the general profile of the sample:

Table 4.1 Sample Respondent Profile

No	Service Industry	Revenue (per year)	Years	Established	Bank Loans
1	Printing	700,000,000	8	2006	Yes
2	Printing	480,000,000	5	2009	Yes
3	Printing	1,440,000,000	14	2000	Yes
4	Printing	360,000,000	3	2011	Yes
5	Catering	380,000,000	10	2004	Yes
6	Car Repair	711,216,000	9	2005	Yes
7	Screen printing and advertising	2,479,612,000	21	1993	Yes
8	Screen printing	500,000,000	3	2011	Yes
9	Convection	320,000,000	2	2011	Yes
10	Printing	625,000,000	5	2009	No
11	Screen Printing	300,000,000	5	2009	No
12	Screen Printing	300,000,000	19	1995	No
13	Screen Printing	450,000,000	11	2003	No
14	Screen printing	300,000,000	7	2007	No
15	Car rent	375,000,000	11	2003	No
	Average Value	648,055,200	9		
	Maximum	2,479,612,000	21		
	Minimum	300,000,000	2		

The data obtained from respondent is assessed by calculating the ratio of financial aspect and scoring the nonfinancial aspect. Each assessment point has score given that will be summed and the final score will be determined the soundness level. Then the result from each category will be compared.

4.1 Financial Analysis

For financial analysis, the assessment points are liquidity ratio, activity ratio, debt ratio and profitability ratio. Here is the table of financial ratios result and the financial aspect score based on SME Soundness Assessment Measurement

Table 4.2 Financial Aspect Score Result

Company Number	Liquidity Ratio		Activity Ratio		Debt Ratio	Profitability Ratio		Financial Aspect Score
	Cash Ratio	Current Ratio	Inventory Turn Over	Total Asset Turn Over		Gross Profit Margin	Return on Investment	
1	12	21	26.67	0.96	0.12	0.43	0.3	37.1
2	6.67	10.17	144	8.35	0.05	0.25	1.73	48.65
3	3.64	5.78	18.97	0.51	0.16	0.54	0.2	33.66
4	2.14	3.07	108	6.99	0.37	0.25	1.38	45.93
5	22	323	65.36	0.21	0	0.57	0.03	41.06
6	1.71	2.15	3.32	0.98	0.08	0.88	0.69	34.7
7	2.75	10.3	21.26	0.86	0.02	0.33	0.18	34.79
8	1.54	2.23	266.67	9.26	0.24	0.2	1.44	45.57
9	6.67	16.27	6.86	1.62	0.04	0.25	0.33	49.01
10	5.56	7.56	162.5	7.44	0.17	0.22	1.44	41.77
11	2	3.07	56.25	5.17	0.13	0.25	1.08	34.13
12	8	12	80	0.53	0	0.2	0.08	28.31
13	2	6.67	5.45	0.64	0.02	0.33	0.18	24.28
14	1.75	4.95	13.24	0.86	0.03	0.25	0.18	33.47
15	22.5	23.5	~	0.21	0	0.4	0.05	31.16

4.2 Nonfinancial Analysis

Nonfinancial analysis assesses the aspects such as marketing, human resources, good governance and operation. There are 11 questions for marketing aspect, 8 questions for human resources aspect, 10 questions for good governance aspect and 7 questions for operation aspect. So that the total question for nonfinancial aspect is 36 questions. The question list for nonfinancial aspect assess by rating as following "yes", "almost yes", "almost no" and "no".

The score from each aspect (marketing, human resources, good governance and operation) will be summed up to obtain the final score. The final score of nonfinancial sector is in the table below:

Table 4.3 Nonfinancial Score Result

Bank Loans	Company Number	Non-Financial Aspect				Total Non-Financial Score
		Marketing	Human Resources	Good Governance	Operation	
Yes	1	12.44	7.98	4.25	5.52	30.19
	2	9.85	3.63	3.67	4.14	21.28
	3	15.55	8.70	4.40	5.52	34.17
	4	12.44	5.08	4.11	4.70	26.31
	5	12.44	8.34	4.40	5.52	30.70
	6	12.44	7.25	2.93	4.97	27.59
	7	17.10	8.70	3.96	5.80	35.56
	8	15.55	6.89	3.23	5.80	31.46

	9	16.06	8.70	4.11	5.80	34.67
No	10	9.85	3.99	3.23	3.87	20.93
	11	8.29	2.90	1.91	3.59	16.69
	12	6.22	3.63	1.32	3.31	14.48
	13	11.40	6.89	4.11	5.52	27.92
	14	10.36	6.53	3.23	3.87	23.98
	15	7.77	5.80	3.81	4.70	22.08

4.3 Soundness Level

The total score of financial and nonfinancial will result the final score that shows the soundness level of a company. The final score of the sample small business in service industry in Bandung are shown in the table below:

Table 4.4 SMEs Soundness Assessment Measurement Result

	No	Financial Score	Nonfinancial Score	Total Score	Rating	Class
Bank Loans	1	37.1	30.19	67.29	A	Good Soundness II
	2	48.65	21.28	69.93	A	Good Soundness II
	3	33.66	34.17	67.83	A	Good Soundness II
	4	45.93	26.31	72.24	AA	Good Soundness I
	5	41.06	30.70	71.76	A	Good Soundness II
	6	34.7	27.59	62.29	A	Good Soundness II
	7	34.79	35.56	70.35	A	Good Soundness II
	8	45.57	31.46	77.03	AA	Good Soundness I
	9	33.47	34.67	68.14	A	Good Soundness II
Non-Bank Loans	10	49.01	20.93	69.94	A	Good Soundness II
	v11	41.77	16.69	58.46	A	Good Soundness II
	12	34.13	14.48	48.61	BBB	Fair Soundness I
	13	28.31	27.92	56.23	BBB	Fair Soundness I
	14	24.28	23.98	48.26	BBB	Fair Soundness I
	15	31.16	22.08	53.24	BBB	Fair Soundness I

The result of this research shows the sample soundness level from the company with loan from bank and without loan from bank in service industry in Bandung. From the first category (company with loan from bank) there are 2 companies that obtain "Good Soundness I" with rating AAA and 7 companies obtain "Good Soundness II" with rating AA. The second category (company without loan from bank) results are 2 companies obtain "Good Soundness II" with rating AA and 4 companies obtain "Fair Soundness I" with rating BBB.

4.4 Independent Sample T-test

Here is the result of financial aspect by using independent sample T-test with $\alpha = 0.05$

Table 4.5 Financial Aspect SPSS t-value and p-value result

Variable	T-value	P-value
Cash Ratio	0.786	0.446
Current Ratio	0.786	0.446
Inventory Turn Over	0.496	0.628
Total Asset Turn Over	0.450	0.660
Debt Ratio	1.109	0.287
Gross Profit	1.1433	0.176
ROI	0.594	0.563

From the table above the conclusions are:

- The means for the company with loans is greater than the company without loans that statistically proven by the T-result has positive (+) value.
- There is a no significant difference in mean between company with loans and without loans that statistically proven by $p > 0.05$

Based on the nonfinancial aspect by using independent sample T-test with $\alpha = 0.05$, the result is:

Table 4.6 Nonfinancial Aspect SPSS t-value and p-value Result

Variable	T-Result	P value
Marketing	4.111	0.001
Human Resource	2.489	0.027
Good Governance	2.306	0.038
Operational	3.238	0.006

From the table above the conclusions are:

- The means for the company with loans is greater than the company without loans that statistically proven by the T-result has positive (+) value.
- There is a significant difference in mean between company with loans and without loans that statistically proven by $p < 0.05$

Conclusion and Recommendation

From the 15 samples company are already obtained the soundness level and its rating based on SME Soundness Indicator. From the first category (company with bank-loan) there are 2 companies that has "Good Soundness I" with rating AAA and 7 companies has "Good Soundness II" with rating AA. The second category (company without bank-loan) results are 2 companies have "Good Soundness II" with rating AA and 4 companies has "Fair Soundness I" with rating BBB. Based on the independent sample T-test, there are no significant difference in the financial aspect that proven by $p > 0.05$. While the nonfinancial aspect result there are significant difference between company with bank-loan and company without bank loan that proven by $p < 0.05$. The result of this research give conclusion that the companies with bank-loan has better soundness level than the companies without loan from bank according to the non-financial result. SMEs Soundness Assessment Measurement is appropriate to apply for small business company to obtain its soundness level.

There are some recommendations for the implementation of SMEs Soundness Assessment Measurement:

1. SMEs Soundness Assessment Measurement is appropriate to apply periodically in a small business company to know the soundness level and can be an improvement tools.
2. SMEs Soundness Assessment Measurement not only has the formula for service sector, but also for the manufacturing sector and service sector.

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